

ERRATA

The following changes should be made to Federal Income Tax Aspects of Corporate Financial Structures, published by the staff of the Joint Committee on Taxation on January 18, 1989, as JCS-1-89.

- (1) On page 2, the first sentence of the fifth paragraph should read as follows: Dividends paid by a corporation from its earnings are not deductible to the corporation and are subject to a tax at the individual shareholder level.
- (2) On page 14, the value for the year-end balance of corporate bonds held by the Household sector should read 92.2 billion instead of 92.9 billion; the corresponding percentage of total should read 7.8 instead of 7.9.
- (3) On page 44, the reference in footnote 72 to "20-year life" should read "30-year life."
- (4) On page 65, the ratio of debt to equity (market) for 1966 should read 43.2 instead of 32.2.

Continued on next page.

(5) On page 67, the portion of Table IV-C which appears on that page should read as follows:

Table IV-C. Interest Coverage Ratios of Nonfinancial Corporations, 1969-1988 - Continued

Year	Ratio of Net Interest to Cash Flow <sup>1</sup>	Ratio of Net Interest to Capital Income Plus Economic Depreciation <sup>2</sup>
1975	0.15	0.14
1976	0.14	0.11
1977	0.14	0.11
1978	0.14	0.11
1979	0.14	0.13
1980	0.18	0.16
1981	0.21	0.16
1982	0.22	0.19
1983	0.18	0.15
1984	0.18	0.15
1985	0.18	0.15
1986	0.20	0.15
1987	N.A.	0.16
1988	N.A.	0.17
Averages:		
1971-75	0.13	0.14
1976-80	0.15	0.13
1981-85	0.19	0.16
1986-88	N.A.	0.16

1. Source: Ben S. Bernanke and John Y. Campbell, "Is There a Corporate Debt Crisis?" Brookings Papers on Economic Activity, No. 1, 1988, pp. 83-125.
2. Source: Division of Research and Statistics, Federal Reserve Board.

(6) On page 68, the third sentence should read as follows: Unpublished data from the Federal Reserve indicates that the (weighted) average rating on outstanding corporate bonds has steadily declined from a Standard & Poor's rating of A+ to a rating of A- during the 1978-1988 period.